

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6271**

**BILL NUMBER:** HB 1048

**NOTE PREPARED:** Dec 9, 2009

**BILL AMENDED:**

**SUBJECT:** Property Tax Deductions for Contract Purchasers.

**FIRST AUTHOR:** Rep. Cheatham

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill, with respect to a contract for the purchase of a single-family residence that is not prepared by an attorney or a licensed real estate agent, provides that: (1) the notary public who notarizes the contract must provide to the contract purchaser information prepared by the Department of Local Government Finance concerning the availability of property tax deductions; and (2) the contract is valid only if the contract is notarized.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** Under current law, the Department of Local Government Finance (DLGF) is required to provide to closing agents (typically attorneys and real estate agents) a form listing each property tax benefit and its eligibility criteria. Closing agents, in turn, are required under penalty of law to make this form available to their clients who are purchasing or refinancing a single-family residence.

Under this bill, before July 1, 2010, the DLGF would also have to make the form available to a notary public who is notarizing a contract purchase of a single-family residence. Additionally, the bill stipulates that after June 30, 2010, a contract purchase must be notarized if it is not prepared by an attorney or real estate agent, and the notary public under penalty of law has to provide the form to the contract purchaser.

The bill, as it pertains to the relationship between the DLGF and a closing agent, would extend to notaries the same privilege that is currently granted to attorneys and real estate agents. However, unlike attorneys and real estate agents, notaries would not be required to submit data on the transaction to the Department of Insurance. The fiscal impact of this legislation on the DLGF is negligible as the department currently makes the form available on-line.

**Explanation of State Revenues:** Under current law, closing agents can be fined \$25 for each instance the agent fails to provide the information on property tax deductions to clients. Under this bill, the Secretary of State would be able to fine notaries \$25 for each failure to provide this information. Fines would be deposited into the state's General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DLGF; Secretary of State.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** David Lusan, 317-232-9592.